Frequently Asked Questions about ABPN Finances

These FAQs are intended to convey general information about how the ABPN manages its finances.

For more specific information about ABPN fees, including information about how they compare to other ABMS member boards, please see the ABPN fee schedule and fee comparison document.

The ABPN is a non-profit organization exempt under Section 501(c)(6) of the U.S. Internal Revenue Code. As such, annual surpluses may not be used for purposes other than the mission of the organization. As required by the IRS, the ABPN is fully compliant with public reporting of our finances on an annual Form 990. These may be found on any of several public-reporting websites, such as GuideStar or Candid.

What are the basic guiding principles for ABPN finances? How is the budget created? How are the fees set?

The ABPN board of directors has longstanding financial policies and practices, which it has reviewed and reaffirmed regularly in keeping with good management practices for non-profit organizations. These include:

- Each annual budget must be balanced without a deficit.
- All operating expenses must be covered by operating revenues.
- The ABPN board is presented with the budgetary implications of all significant new initiatives before deciding whether to pursue them.

The process for creating and adopting a budget each year includes the following steps. The process also involves determining fees for that year.

- The Vice President for Finance & Administration, working with the board Treasurer and with the President & CEO, drafts a budget that is balanced with a modest surplus based on conservative projections about revenues and expenses. (Conservative projections are important to minimize the risk that operating expenses will exceed operating revenues.)
- The VP drafts alternative budget scenarios based on maintaining current fees, reducing fees, and increasing fees.
- The VP and Treasurer present the budget with alternative scenarios to the ABPN Finance Committee, which is chaired by the Treasurer.
- The Finance Committee discusses and decides on recommendations for the full board.
- The Finance Committee presents their recommendations and their rationale, along with the alternative scenarios, to the full ABPN board.
- The ABPN board discusses and then formally approves, as separate actions, the fees for the next year and the annual budget for the next year.
Since operating expenses must be covered by operating revenues — what are the ABPN’s sources of operating revenue?

- The ABPN is focused on our core mission of certifying the expertise of psychiatrists and neurologists. While promoting lifelong learning is part of that mission, the ABPN does not create or sell educational products, believing that the fields and our physician diplomates are best served by having the choice of educational products from the professional societies, academic institutions, health systems, and others in our fields.
- Since the ABPN does not have any other lines of business, our only source of operating revenue is our fees.

What about the ABPN’s reserves?

- Funds from any actual surplus in a given year are transferred to the reserves, i.e., are put into an investments portfolio.
- Investments income is used for grants and other one-time or time-limited projects related to the ABPN’s core mission — thereby preserving the ability to pay regular operating expenses out of operating revenue while keeping fees reasonable.
- The financial health of the ABPN is crucial to all its diplomates. If the ABPN were poorly managed and subsequently bankrupted, our diplomates’ certifications would lose their value. Reserves provide a buffer against unforeseen events or environmental changes (such as occurred during the Covid-19 pandemic) that could threaten the financial stability of the organization.

With the ABPN’s current financial stability, why hasn’t the ABPN lowered its fees?

- In fact, the ABPN has either lowered or maintained its initial certification fees every year since 2007, such that the current fees are less than half of what they were in 2007 in absolute dollars (that is, not adjusting for inflation).
- ABPN Continuing Certification fees have been maintained at the same level for many years, and are among the lowest among the 24 member boards of the American Board of Medical Specialties.
- More information about our fees compared to other boards is provided here.

Ok, but did the ABPN create Continuing Certification to increase its revenues?

- The short answer is, “Absolutely not.” Rather, the CC program was developed for non-financially-driven reasons, and it is costly to operate the CC program — so CC fees are charged to help cover those costs.

To expand on this in more depth:

- Continuing Certification (CC), formerly called maintenance of certification, was created out of the recognition that certification decisions at one point in time do not necessarily reflect current competence. To ensure that board certification remains credible (and compliant with the American Board of Medical Specialties Standards), physicians' lifelong learning must be informed by external feedback, and certification decisions must include independent assessment by the ABPN over time.
- Discussions by the ABPN board of directors about our CC program are focused on how to best balance these factors, and compliance with the ABMS Standards, with feasibility. Revenue generation is not a factor in these discussions.
- It is costly to operate the CC program. As is true for the overall ABPN budget, the largest expenses are primarily staff employees (i.e., salaries and benefits). The CC program also incurs substantial costs for committee meetings involving the approximately 300 expert physician volunteers who prepare and approve our examinations and article-based assessments, as well as expenses for information technology infrastructure, communications, and other aspects of implementing the CC program. For more information on the rigorous processes required to construct our assessments, see here.
- Since fees are our only source of operating revenues, CC fees are crucial to help cover its costs.